

## REVENUE

Budget Summary							
Fund	2014-15 Base Year Doubled	2015-17 Governor	2015-17 Jt. Finance	2015-17 Legislature	2015-17 Act 55	Act 55 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$184,542,000	\$215,635,900	\$215,511,100	\$215,511,100	\$215,511,100	\$30,969,100	16.8%
PR	40,074,800	42,930,100	42,930,100	42,930,100	42,930,100	2,855,300	7.1
SEG	<u>149,360,200</u>	<u>160,441,700</u>	<u>160,441,700</u>	<u>160,441,700</u>	<u>160,441,700</u>	<u>11,081,500</u>	7.4
TOTAL	\$373,977,000	\$419,007,700	\$418,882,900	\$418,882,900	\$418,882,900	\$44,905,900	12.0%

FTE Position Summary						
Fund	2014-15 Base	2016-17 Governor	2016-17 Jt. Finance	2016-17 Legislature	2016-17 Act 55	Act 55 Change Over 2014-15 Base
GPR	870.53	963.53	968.53	968.53	968.53	98.00
PR	119.05	129.05	129.05	129.05	129.05	10.00
SEG	<u>106.70</u>	<u>104.70</u>	<u>104.70</u>	<u>104.70</u>	<u>104.70</u>	<u>- 2.00</u>
TOTAL	1,096.28	1,197.28	1,202.28	1,202.28	1,202.28	106.00

### Budget Change Items

### Departmentwide

#### 1. STANDARD BUDGET ADJUSTMENTS

**Governor/Legislature:** Provide adjustments to the base budget for: (a) turnover reduction (-\$1,448,000 GPR and -\$127,400 SEG annually); (b) full funding of continuing position salaries and fringe benefits (\$4,585,200 GPR, \$413,000 PR, and \$179,900 SEG annually); (c) reclassifications and semiautomatic pay progression (\$130,900 PR and \$1,800 SEG in 2015-16 and \$190,200 PR and \$8,300 SEG in 2016-17); (d) full funding of lease and directed moves costs (-\$178,900 GPR, -\$9,600 PR, and -\$28,500 SEG in 2015-16 and -\$77,600 GPR, -\$800 PR, -\$13,600 SEG in 2016-17); and (e) minor transfers within the same alpha appropriation.

GPR	\$6,017,900
PR	1,136,700
SEG	<u>73,000</u>
Total	\$7,227,600

## 2. MINOR TRANSFERS BETWEEN APPROPRIATIONS

PR	- \$32,900
SEG	<u>32,900</u>
Total	\$0

**Governor/Legislature:** Delete \$16,600 PR and provide \$16,600 SEG in 2015-16, and delete \$16,300 PR and provide \$16,300 SEG in 2016-17, to reflect: (a) adjustments to specific appropriation funding levels based on positions that have moved between divisions; (b) adjustments to supplies and services associated with those positions; and (c) centralization of IT functions, the costs of which are distributed among multiple divisions within the Department.

## 3. ELIMINATE LONG-TERM VACANT POSITIONS

**Governor/Legislature:** Delete \$169,800 GPR, 2.0 GPR positions, and 2.0 SEG positions, annually, to reflect the elimination of long-term vacant positions under the bill. The Governor's proposal would not delete SEG expenditure authority associated with the deleted positions. Each of the deleted positions has been vacant for more than one year.

	Funding	Positions
GPR	- \$339,600	- 2.00
SEG	<u>0</u>	<u>- 2.00</u>
Total	- \$339,600	- 4.00

## 4. DELETE VACANT INFORMATION TECHNOLOGY INFRASTRUCTURE POSITIONS

**Governor/Legislature:** Delete 2.0 vacant positions at the Department of Revenue (DOR) "to reflect infrastructure functions that have already transitioned" to DOA. Positions would be deleted from the following appropriations: (a) administrative services and space rental -- general program operations (1.0 GPR position); and (b) collection of taxes -- debt collection (1.0 PR position). Funding associated with the positions (\$84,900 GPR and \$84,900 PR annually) would not be reduced, but rather reallocated to supplies and services to pay DOA for information technology services provided.

	Positions
GPR	- 1.00
PR	<u>- 1.00</u>
Total	- 2.00

## 5. CONSOLIDATE MARKETING SERVICES IN TOURISM [LFB Paper 627]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$0	- 1.00	- \$124,800	0.00	- \$124,800	- 1.00

**Governor:** Delete 1.0 position identified by the administration as being generally related to marketing or communications. The position would be deleted from the state and local finance -- general program operations appropriation. Associated funding (\$62,400 GPR annually) would be reallocated from permanent position salaries and fringe benefits to supplies and services.

The provision is intended to consolidate various functions related to marketing of the state or state agency services in the Department of Tourism, which currently markets the state as a destination for tourists and other travelers. Tourism would be provided staffing and funding for

an Office of Marketing, and Tourism would charge agencies for marketing services. The bill would not provide for the transfer of any incumbent employees to Tourism. Additional information on the Office of Marketing is available under "Tourism."

**Joint Finance/Legislature:** Modify the Governor's recommendation by deleting funding associated with the positions, rather than reallocating funding to supplies and services. Delete \$62,400 annually from the state and local finance -- general program operations appropriation. Additional information on the Office of Marketing is available under "Tourism."

## **6. EXTEND UNCLAIMED PROPERTY PROGRAM PERMANENT PROJECT POSITIONS**

**Governor/Legislature:** Extend the end date for 2.0 PR permanent project positions in the unclaimed property program from June 30, 2015, to June 30, 2017. The positions are classified as unclaimed property representatives. [It should be noted that the 2.0 positions and associated funding of \$91,600 PR annually (\$64,100 PR salaries and \$27,500 PR fringe benefits) should have been removed from the agency's adjusted base under standard budget adjustments as a non-continuing element.]

## **7. LAPSE REQUIREMENT**

**Governor/Legislature:** Specify that the 2013 Act 145 requirement that DOR lapse \$1,383,400 to the general fund from the unencumbered balances of GPR and PR appropriations in 2015-16 also apply to 2016-17. [See "Budget Management and Compensation Reserves."]

[Act 55 Section: 4749]

# **Tax Administration**

## **1. EXPAND AUDITING ACTIVITY [LFB Paper 560]**

**Governor:** Provide \$11,810,500 in 2015-16 and \$13,605,100 in 2016-17 and provide 102.0 positions annually to increase auditing activities and to improve tax collections. The administration estimates that the additional auditing activity would result in an increase in state tax revenues of \$31.5 million in 2015-16 and \$82.0 million in 2016-17. According to the administration, the additional positions would be allocated for auditing activity in the following manner:

	<b>Funding</b>	<b>Positions</b>
GPR	\$25,415,600	102.00
GPR-Tax	\$113,500,000	

a. Eight Revenue Tax Specialist 1 positions for additional sales and use tax nexus investigation. The administration estimates that these positions would generate additional

revenues of \$6.0 million in 2015-16 and \$8.0 million in 2016-17.

b. Sixteen positions (one Revenue Management Supervisor, five District Auditors, and 10 Large Case Auditors) for the purpose of auditing businesses that are currently filing Wisconsin sales and use tax returns and are headquartered outside the state. The administration indicates that these types of businesses may have significant underreporting of tax revenues and have likely never been audited by the Department. The administration estimates that these positions would generate additional sales and use tax revenues of \$7.5 million in 2015-16 and \$15.0 million in 2016-17.

c. Thirty-one positions (three Revenue Management Supervisors and 28 Large Case Field Auditors) to specialize in auditing corporate income/franchise tax combined returns. The administration estimates that these positions would generate additional state corporate income/franchise tax revenue of \$9.0 million in 2015-16 and \$29.0 million in 2016-17.

d. Thirty-nine positions (three Revenue Management Supervisors and 36 Revenue Auditor 3 positions) to increase audits on small C corporations, tax-option corporations and partnerships. The administration estimates that these positions would generate additional state tax revenues of: (1) \$6.75 million in 2015-16 and \$22.50 million in 2016-17 under the corporate income/franchise tax; and (2) \$2.25 million in 2015-16 and \$7.50 million in 2016-17 under the individual income tax.

e. Eight administrative and support positions (one Revenue Administrative Manager, three Tax Resolution Officers -- Field Audit, and four Revenue Field Auditor 8 positions) to provide managerial support associated with the increased auditing activity by helping to select audits, reviewing auditing capacities, and addressing the expected increase in appeals of audit adjustments.

**Joint Finance/Legislature:** Approve the Governor's recommendation. In addition, require DOR to submit an annual report to the Joint Committee on Finance within six months following the close of state fiscal years 2015-16 through 2019-20 that contains information regarding the actual or estimated amounts of state tax revenues generated by, and expenditures associated with, the additional full-time auditor positions. Require the annual report to include the number of audits, and the amount of revenue generated from those audits, that were performed on persons headquartered or residing outside Wisconsin compared to persons headquartered or residing in Wisconsin.

**Veto by Governor [C-57]:** Delete the Joint Finance provision that would have required DOR to include in its annual report to the Joint Committee on Finance the number of audits, and the amount of revenue generated from those audits, that were performed on persons headquartered or residing outside Wisconsin compared to persons headquartered or residing in Wisconsin.

[Act 55 Section: 9137(1j)]

[Act 55 Vetoed Section: 9137(1j)]

## 2. EXPAND STATEWIDE DEBT COLLECTION [LFB Paper 561]

**Governor/Legislature:** Provide \$803,800 in 2015-16 and \$947,700 in 2016-17 and 11.0 revenue agent positions annually for the statewide debt collection program to improve the collection of debts owed to state agencies and local governments. According to the administration, the additional positions would increase fees collected by DOR by an estimated \$4.57 million in 2015-16 and \$8.39 million in 2016-17 and would increase revenues deposited into the general fund by an estimated \$3.77 million in 2015-16 and \$7.44 million in 2016-17.

	Funding	Positions
PR-REV	\$12,961,500	
GPR-REV	11,210,000	
PR	\$1,751,500	11.00

DOR administers a statewide debt collection program for the purpose of collecting debts owed to state agencies, the Internal Revenue Service (IRS), and municipalities. The Department may enter into agreements with state agencies, the IRS, and municipalities, and charge a fee, for the collection of unpaid fines, forfeitures, costs, fees, surcharges, or restitution payments on behalf of those entities. Fees generated from those agreements are deposited as program revenue in DOR's collection of taxes -- debt collection appropriation. At the end of each fiscal year, the unencumbered balance in that appropriation account lapses to the general fund. According to the administration, the Governor's proposal to add 11.0 positions would increase statewide debt collection activity by an estimated \$37 million over the 2015-17 biennium, of which \$24 million would retire debts owed to other entities and approximately \$13 million would be paid to DOR. Fee revenue generated in excess of the amounts appropriated for the 11.0 positions would transfer to the general fund.

## 3. COUNTYWIDE ASSESSMENT

	<b>Governor (Chg. to Base)</b>		<b>Jt. Finance/Leg. (Chg. to Gov)</b>		<b>Net Change</b>	
	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>
GPR	\$0	- 5.00	\$0	5.00	\$0	0.00

**Governor:** Decrease expenditures by \$389,000 and delete 5.0 positions in 2016-17 in the state and local finance -- general program operations appropriation and increase the state and local finance -- integrated property assessment system technology appropriation by \$194,500 annually. The changes in the two appropriations net to \$0 over the biennium. In addition, repeal the appropriation for county assessment studies and modify the appropriation for reassessments by deleting obsolete language and references to the statute authorizing expert assessment help. These changes are related to the proposal to replace town, village, and city property tax assessments with a system where property is assessed at the county or regional level or by certain first and second class cities, as of January 1, 2017. Current law provisions regarding expert assessment help would be repealed, including DOR's role in certifying expert appraisers.

The reductions in expenditure authority and positions reflect a workload reduction related to the equalization of property values. Current law allows municipal assessors to assess taxable property below full market value, so long as all property in the municipality is assessed at the

same percentage of full market value. Each August 15, DOR certifies an equalized value for each municipality in the state reflecting the full market value of property in the municipality. Equalized values are used to apportion taxes and aids so that an equitable distribution occurs. The proposal would require all assessments to be at full market value, resulting in efficiencies in DOR's equalization procedures. However, DOR would have to modify and upgrade its computer system to integrate the values produced by county and regional assessment systems, resulting in the proposed expenditure increase. The proposal is described in detail in an entry with the same title under "Shared Revenue and Property Tax Relief -- Property Taxation."

**Joint Finance/Legislature:** Delete provision as a non-fiscal policy item.

#### **4. MODIFICATIONS TO THE TAX REFUND INTERCEPT PROGRAM**

**Governor/Legislature:** Specify that no person has any right to, or interest in, any overpayment, refundable credit, or refund, including any interest allowed, until setoff against debts owed to states, localities, the IRS, and tribes have been satisfied. These provisions would first apply to taxable years beginning on January 1 of the year in which the bill takes effect, except that if the bill were to take effect after July 31, these provisions would first apply to taxable years beginning on January 1 of the year following the effective date of the bill.

Under current law, DOR must setoff from tax refunds, overpayments, or refundable credits any debt or other amount owed to the Department first, regardless of the origin, amount, nature, or date of the debt. If after the setoff there remains a refund in excess of \$10, DOR must setoff the remaining funds against certified debts of other entities in the following order: (a) child support, family support, maintenance, or associated fees certified by the Department of Children and Families (DCF); (b) debts owed to a state agency, the courts, the Legislature, or an authority that are collected pursuant to an agreement; (c) debt owed to local units of government collected pursuant to an agreement; (d) debt, other than child support, certified by DCF; (f) child support or spousal support obligations submitted by an agency of another state; (g) debt certified by a Wisconsin county or municipality; (h) federal tax obligations collected pursuant to an agreement with the IRS; (i) tribal obligations collected pursuant to an agreement; and (j) tax and nontax obligations of other states or local governmental units of those states collected pursuant to an agreement.

According to the administration, the Governor's proposal would maintain the current law hierarchy for the order in which payments are made to setoff debts. The IRS has indicated that Wisconsin law does not clearly state that the taxpayer does not have a property right to an overpayment, refundable credit, or refund prior to paying debts owed to the state, state agencies, localities, or tribes. As a result, the IRS has interpreted debts owed to the U.S. Department of the Treasury to take precedence over state debts under current law. Absent the recommended law change, the administration states that the IRS would assert that the setoff order would be: (a) delinquent Wisconsin income tax debt, but not sales tax, withholding payments, or other debt owed to DOR; (b) judgments for child support payments certified to DCF, but not family support or maintenance payments; (c) judicially imposed restitution obligations; and (d) IRS income tax debt. After these payments were made, any remaining refund would be subject to the setoff order provided under current state law. In addition, DOR states that the Department would incur

at least \$320,000 of programming costs and staff time to test the programming changes, notify agency partners, and update print and online publications if the Governor's provisions are not adopted.

[Act 55 Sections: 2455 thru 2458, 2462, 2464, 2525, and 9337(3)]

## **5. THIRD-PARTY AND INTERNET AUCTIONS OF DELINQUENT TAXPAYER PROPERTY**

**Governor/Legislature:** In executing a warrant issued by the clerk of circuit court to collect income or franchise taxes, permit an agent of DOR, or a third-party engaged by the agent, to conduct an execution sale of personal property in any county of the state. Specify that the agent or third-party entity engaged by the agent could sell the personal property in any manner DOR believes will bring the highest net bid or price, including Internet-based auctions or sales. Require the cost of conducting each auction or sale to be reimbursed to DOR out of the proceeds of the sale. Specify that under laws governing the Notice of Sale of Realty; Manner; Adjournment, an agent of DOR or a third-party entity engaged by that agent, is not required to make a sale at auction between the hours of 9 a.m. and 5 p.m. and is not required to ensure that the property is sold in view of those attending the sale. These provisions would first apply to a warrant that is issued on the bill's effective date.

Under current law, when DOR files a warrant with the clerk of circuit court for delinquent income or franchise taxes, the clerk of circuit court must enter a warrant against the taxpayer for payment to the Department. A like warrant can be issued to any agent of DOR authorized to collect income or franchise taxes, and in the execution thereof and collection of those taxes, the agent has the powers of the county sheriff but is not entitled to collect from the taxpayer any fee or charge for the execution of such warrant in excess of actual expenses paid in the performance of his or her duty. When a warrant is issued to such agent, he or she may proceed in any county of the state designated by the warrant in the same manner as provided to a sheriff of the respective county. The Governor's proposal would create an exception to this provision and specify that the agent could: (a) designate a third-party agent to collect such delinquent taxes; and (b) hold the sale in any county in the state in the manner DOR would believe bring the highest net bid or price, including sales over the Internet. The administration does not anticipate that this provision would result in a significant increase in state revenue.

[Act 55 Sections: 2459, 2460, 4622, and 9337(1)]

## **6. DEBT COLLECTION AGREEMENTS WITH COUNTY BOARDS**

**Governor:** Provide that a county board may enter into a written agreement with DOR to have the Department collect any amount owed to the county that is more than 90 days past due. Require DOR to charge each debtor, whose debt is subject to collection by the Department, a collection fee (rather than administrative expenses) that would be credited to DOR's collection of taxes -- debt collection appropriation.

Under current law, a county board may adopt a resolution authorizing the clerk of circuit court to contract with a debt collector for the collection of unpaid fines and forfeitures. Under the bill, a county board would explicitly be allowed to enter into a written agreement with DOR to collect revenues owed to the county in the same manner as a state agency under current law. According to the Legislative Reference Bureau, current law authorizes DOR to enter into debt collection agreements with the courts and local units of government, including a county board. However, DOR reports that certain circuit courts view the Department as a "debt collector" under the Wisconsin Consumer Act, which prohibits DOR from collecting a surcharge above the amount of debt owed unless otherwise authorized under state law. In addition, the administration indicates that changing the current law reference that DOR charges an "administrative expense" to a "collection fee" is intended to preempt future challenges that, because the Department lapses revenues to the general fund that are in excess of the amount deposited into appropriation, a court may require the amount charged by the Department to be reduced to more accurately reflect DOR's administrative expenses.

**Joint Finance/Legislature:** Adopt the provision recommended by the Governor. In addition, specify that current law references to "fines and forfeitures" for purposes of clerk of circuit court debt collection would refer instead to "debt." Provide county boards the authority to adopt a resolution authorizing the clerk of circuit court to contract with DOR for the collection of unpaid debt. Specify that for any contract for debt collection entered into with DOR, the clerk of circuit court would be required to provide DOR the authority to charge a collection fee related to those debts.

[Act 55 Sections: 1911d, 1914d, and 2463]

## **7. MINING CONSTRUCTION FEE [LFB Paper 562]**

**Joint Finance/Legislature:** Delete the reference to the construction fee under the indexing statute to clarify that the construction fee and construction period payment are not subject to indexing under the metalliferous mining tax statutes. Current law is ambiguous as to whether the construction fee is indexed for inflation. This provision would clarify that the fee and construction period payment made to eligible local units of government is \$100,000 per eligible recipient, rather than \$221,300 in 2014-15 per eligible recipient if the fee were subject to indexing in accordance with annual changes in the gross national product deflator.

[Act 55 Section: 2056d]

## **Lottery Administration**

### **1. LOTTERY SALES PROJECTIONS**

**Governor/Legislature:** Project sales of \$585.8 million in 2015-16 and 2016-17. Projected lottery sales provide the basis for estimating the lottery and gaming property tax credit

in the next biennium. In addition, the projected sales directly affect appropriations for retailer compensation and lottery vendor fees. The following table shows these projections, as well as 2013-14 actual lottery sales and the 2014-15 estimated sales projected in October, 2014, for the purpose of certifying the amount available for the 2014(15) lottery property tax credit. The Governor's 2015-17 projected sales are based on sales models utilized by DOR to estimate both lotto (on-line) and instant ticket games.

**Lottery Sales Projections**  
(\$ in Millions)

<u>Game Type</u>	<u>Actual 2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>Percent Change from 2014-15</u>	<u>2016-17</u>	<u>Percent Change from 2015-16</u>
Scratch	\$337.7	\$336.2	\$336.2	0.0%	\$336.2	0.0%
Pull-tab	1.2	1.0	1.0	0.0	1.0	0.0
Lotto	<u>229.9</u>	<u>236.8</u>	<u>248.6</u>	5.0	<u>248.6</u>	0.0
Total	\$568.8	\$574.0	\$585.8	2.1%	\$585.8	0.0%

**2. SUM SUFFICIENT APPROPRIATIONS FOR RETAILER COMPENSATION AND VENDOR FEES**

SEG	\$10,975,600
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**Governor/Legislature:** Provide \$5,487,800 annually to reestimate lottery sum sufficient appropriations for retailer compensation and vendor fees, as follows:

*Retailer Compensation.* Provide an increase of \$3,984,700 annually to adjust base-level funding for retailer compensation, including payments to retailers under the retailer performance program, to reflect projected lottery sales in the 2015-17 biennium.

Basic retailer compensation rates under current law are 5.5% for lotto ticket sales and 6.25% for instant ticket sales. In addition, the retailer performance program provides an amount of up to 1% of for-profit sales as incentive payments to retailers (estimated at \$5.8 million in 2015-16 and 2016-17, under the bill). Base-level funding of \$36,826,000, established under 2013 Wisconsin Act 20, was based on estimated lottery sales of \$526.6 million in 2014-15. The Department's lottery sales projections of \$585.8 million in 2015-16 and 2016-17 result in the increases to retailer compensation funding.

*Vendor Fees.* Provide an increase of \$1,503,100 annually to adjust base-level funding for vendor fees to reflect projected lottery sales in the 2015-17 biennium. Base-level funding for vendor fees is \$13,376,600.

Vendor fees are paid under a major procurement contract for the provision of data processing services relating to both lotto and instant lottery games. The fees are calculated on the basis of a percentage of total ticket sales. Under the bill, vendor fees would total 2.5% of lottery ticket sales in both 2015-16 and 2016-17.

### 3. LOTTERY FUND CONDITION STATEMENT [LFB Paper 565]

**Governor:** The total revenue available for tax relief, minus a statutory reserve (2% of gross revenue) and the amount appropriated for the lottery and gaming credit late applications payments, determines the amount available for the lottery and gaming tax credit. The following fund condition statement provides information on operating revenues, appropriated amounts for expenditures, estimates of interest earnings and gaming-related revenue, and the amounts available for tax relief credits under the bill. The bill would appropriate \$161,125,600 in 2015-16 and \$162,893,200 in 2016-17 for the lottery and gaming tax credit.

**Joint Finance/Legislature:** Modify the lottery fund condition statement and reestimate the lottery and gaming credit by \$1,657,200 SEG in 2015-16 and -\$1,361,800 SEG in 2016-17 to reflect the following changes: (a) an increase in the 2015-16 opening balance of \$2,593,100 based on an estimated increase in prize expenses of \$912,800 in 2014-15 and lower than estimated total payments for the 2014-15 lottery and gaming credit paid in March, 2015 (decrease of \$3,505,900); (b) an increase in estimated prize expenses of \$912,800 annually over the 2015-17 biennium; and (c) a decrease in estimated interest earnings of \$23,100 in 2015-16 and \$449,000 in 2016-17.

**2015-17 Lottery Fund Condition Statement**  
**Joint Finance/Legislature**

	<u>2015-16</u>	<u>2016-17</u>
Fiscal Year Opening Balance	\$14,074,200	\$11,718,200
Operating Revenues		
Ticket Sales	\$585,814,800	\$585,814,800
Retailer Fees and Miscellaneous	<u>95,000</u>	<u>64,300</u>
Gross Revenues	\$585,909,800	\$585,879,100
Expenditures		
Prizes	\$347,688,400	\$347,688,400
Retailer Compensation	40,770,500	40,770,500
Vendor Payments	14,879,700	14,879,700
General Program Operations	21,900,600	21,915,100
Appropriation to DOJ	389,500	389,500
Appropriation to DOR	285,800	285,800
Program Reserves	<u>224,400</u>	<u>439,600</u>
Total Expenditures	\$426,138,900	\$426,368,600
Net Proceeds	\$159,770,900	\$159,510,500
Interest Earnings	\$779,700	\$2,144,100
Gaming-Related Revenue	\$43,300	\$43,300
Total Available for Tax Relief*	\$174,668,100	\$173,416,100
Appropriations for Tax Relief		
Lottery and Gaming Credit	\$162,782,800	\$161,531,400
Late Lottery and Gaming Credit Applications	<u>167,100</u>	<u>167,100</u>
Total Appropriations for Tax Relief	\$162,949,900	\$161,698,500
Gross Closing Balance	\$11,718,200	\$11,717,600
Reserve (2% of Gross Revenues)	\$11,718,200	\$11,717,600
Net Closing Balance	\$0	\$0

\*Opening balance, net proceeds, interest earnings, and gaming-related revenue.

[Act 55 Section: 479]

**4. EMPLOYMENT OF TERMINATED LOTTERY DIVISION EMPLOYEES**

**Joint Finance/Legislature:** Specify that an employee of the Lottery Division may be employed by a vendor after the date of the employee's termination if the individual's employment is terminated due to DOR having entered into a contract with a vendor to perform services that were previously performed by employees of the Lottery Division. Specify that such an employee may discuss future employment with a vendor who is attempting to obtain a major procurement contract relating to the lottery only if the employee has prior written consent of the administrator of the lottery. Further, specify that the provision for terminated employees would not apply to the division administrator, deputy administrator, or bureau directors.

Under current law, no employee of the Lottery Division may have a direct or indirect interest in or be employed by any vendor while serving as an employee in the Lottery Division for two years following the person's termination of service.

[Act 55 Sections: 4548g and 4548r]